

VZCZCXRO7865
PP RUEHIK
DE RUEHAH #1673/01 3641019
ZNR UUUUU ZZH
P 301019Z DEC 09
FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC 3981
INFO RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 6058
RUEHBJ/AMEMBASSY BEIJING 3752
RUEHKO/AMEMBASSY TOKYO 3611
RUEHIT/AMCONSUL ISTANBUL 4300
RUCNDT/USMISSION USUN NEW YORK 1358
RHMCSUU/CDR USCENCOM MACDILL AFB FL
RUEHVEN/USMISSION USOSCE 4237
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC

UNCLAS SECTION 01 OF 02 ASHGABAT 001673

SENSITIVE

SIPDIS

STATE FOR SCA/CEN; EEB
COMMERCE FOR EHOUSE/DSTARKS

E.O. 12958: N/A

TAGS: [ETRD](#) [ELTN](#) [PGOV](#) [SOCI](#) [TX](#)

SUBJECT: TURKMENISTAN: ADDITIONAL GOVERNMENT RESTRICTION ON
USED CARS

REF: ASHGABAT 1601

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11. (U) Sensitive but unclassified. Not for public Internet.

12. (SBU) Traffic police posted in Ashgabat's southern outskirts reportedly have instructions to prohibit cars from entering the city if the drivers cannot produce a title for the car with their name on it. Many drivers do not have legal title to their vehicles, particularly older models, because of an informal mechanism for financing auto purchases. According to this mechanism, the buyer receives a power of attorney from the car owner/seller, while simultaneously making installment payments. Once the car is paid in full, title is officially transferred. Police have been reportedly ordered to stop older cars entering Ashgabat and ask drivers for license and proof of ownership. If drivers produce a power of attorney document instead of an actual title with their name on it, the drivers are reportedly turned back. This new measure is apparently aimed at reducing the number of cars in the capital.

13. (SBU) Allowing a car buyer to use a car based on a power of attorney from the owner/seller, while the buyer makes agreed installment payments, is an informal mechanism for financing used car sales. Neighbors, friends, and family members first reportedly used this system to sell cars to each other. Subsequently, used car traders noticed a potential market and also started granting powers of attorney in order to sell cars on an installment plan. The sellers often bought the vehicle on the cheap, thus turning a nice profit on the car over time. Since the agreements were verbal, individual Turkmen car owners generally granted power of attorney to people they either knew well or to those who were recommended to them by family or close friends. Under the installment arrangement, once a would-be buyer, who was granted power of attorney to drive the car, fulfills his or her agreed upon payment

requirements, the owner cancels the power of attorney and transfers the title to the purchaser.

¶4. (SBU) This auto finance system allows many Turkmen to buy vehicles that they otherwise could not afford. At the same time, this system usually involved the sale of older cars, and now many of those cars can be found in Ashgabat. Overall traffic in Ashgabat has been steadily increasing and locals complain about the number of cars on Ashgabat roads. (COMMENT: Actually a bigger problem adding to the congestion is the number of road closures due to road construction. END COMMENT.) Recently, Turkmen press reported that the Russian company Vozrozhdeniye was contracted by the GOTX to construct eight new bridges to improve traffic movement in the capital. President Berdimuhamedov has also ordered an import ban on cars produced before 2000, effective January 1, 2010, in a reported effort to maintain the city's beauty and prestige by reducing the number of older cars in the city (reftel).

¶5. (SBU) The decision to crack down on the informal auto finance system will affect used car traders in Mary province. This area is known throughout the country for its large used car markets. Some Ashgabat residents originally from Mary suspect this latest crackdown on cars was also intended to disrupt the used car market in Mary, which the Turkmen President reportedly dislikes.

¶6. (SBU) COMMENT: It appears that the government is determined to reduce the number of older used cars in Ashgabat by various means. Although the new orders might reduce the number of cars in the city and reduce traffic, these initiatives will make it more difficult for the average Turkmen to afford a car of their own. END COMMENT.

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